EXHIBIT 42

VOYAGER DIGITAL LTD.

Management's Discussion and Analysis

October 28, 2021

Introduction

The following Management's Discussion & Analysis ("MD&A") of the financial condition and results of the operations of Voyager Digital Ltd. (the "Company" or "Voyager") constitutes management's review of the factors that affected the Company's financial and operating performance for the fiscal year ended June 30, 2021. All information in this MD&A is given as of June 30, 2021, unless otherwise indicated. All dollar figures are stated in U.S. dollars, unless otherwise indicated.

This MD&A has been prepared in compliance with the requirements of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the fiscal years ended June 30, 2021, and June 30, 2010, together with the notes thereto. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the year ended June 30, 2021, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of October 28, 2021, unless otherwise indicated.

The consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

For the purposes of preparing this MD&A, management considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Voyager's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The words "we", "our", "us", "Company" and "Voyager" refer to Voyager Digital Ltd. together with its subsidiaries and/or the management and/or employees of the Company (as the context may require).

These documents, along with additional information about Voyager, are available under Voyager's profile at www.sedar.com.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects," "is expected," "budget," "scheduled," "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. These forward-looking statements may include, but are not limited to, statements relating to:

- Our expectations regarding our revenue, expenses, operations and future operational and financial performance;
- Our cash flows;
- Popularity of cryptocurrencies;
- Our plans for and timing of geographic expansion or new offerings;
- Our future growth plans;
- Our ability to stay in compliance with laws and regulations or the interpretation or application thereof that currently apply or may become applicable to our business both in the United States and internationally;

- Our expectations with respect to the application of laws and regulations and the interpretation or enforcement thereof and our ability to continue to carry on our business as presently conducted or proposed to be conducted;
- Trends in operating expenses, including technology and development expenses, sales and marketing expenses, and general and administrative expenses, and expectations regarding these expenses as a percentage of revenue;
- The reliability, stability, performance and scalability of our infrastructure and technology;
- Our ability to attract new customers and maintain or develop existing customers;
- Our ability to attract and retain personnel;
- Our expectations with respect to advancement in our technologies;
- Our competitive position and our expectations regarding competition;
- Regulatory developments and the regulatory environments in which we operate; and
- Expected impact of COVID-19 on the Company's future operations and performance.

Forward-looking statements are based on certain assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate. Forward-looking statements are also subject to risks and uncertainties which include:

- Decline in the cryptocurrency market or general economic conditions;
- Regulatory uncertainty and risk, including changes in laws or the interpretation or application or enforcement thereof and the obtaining of regulatory approvals;
- We are subject to an extensive and highly-evolving and uncertain regulatory landscape and any adverse changes to, or our failure to comply with, any laws and regulations, or regulatory interpretation of such laws and regulations, could adversely affect our brand, reputation, business, operating results, and financial condition;
- In connection with such laws and regulations or regulatory interpretation thereof, a particular crypto asset's or product offering's status as a "security" in any relevant jurisdiction is subject to a high degree of uncertainty and if we are unable to properly characterize a crypto asset or product offering, we may be subject to regulatory scrutiny, investigations, fines, and other penalties, and our business, operating results, and financial condition may be adversely affected;
- Risks related to managing our growth;
- Our dependence on customer growth, including new customers and growth in the number and value of transactions and deposits;
- Our operating results have and will significantly fluctuate due to the highly volatile nature of crypto;
- A significant portion of our revenue is derived from transactions in Bitcoin and Ethereum. If demand for these crypto assets declines and is not replaced by new crypto asset demand, our business, operating results, and financial condition could be adversely affected;
- The future development and growth of crypto is subject to a variety of factors that are difficult to predict and evaluate. If crypto does not grow as we expect, our business, operating results, and financial condition could be adversely affected;
- Loss of a critical banking or insurance relationship could adversely impact our business, operating results, and financial condition;
- Any significant disruption in our products and services, in our information technology systems, or in any of the blockchain networks we support, could result in a loss of customers or funds and adversely impact our brand and reputation and business, operating results, and financial condition;
- Regulatory risk, including changes in laws or the interpretation or application thereof and the obtaining of regulatory approvals;
- Counterparty risk and credit risk;
- Lending risks;
- Technology and infrastructure risks, including their ability to meet surges in demand;
- Cybersecurity risks;
- Fluctuations in quarterly operating results;
- Risks related to the security of customer information;

- Competition in our industry and markets;
- Our reliance on key personnel;
- Our reliance on third party service providers;
- Exchange rate fluctuations;
- Risks related to expanding our marketing and sales;
- Risks related to our ability to adapt to rapid technological change;
- Risks related to terrorism, geopolitical crisis, or widespread outbreak of an illness or other health issue;
- Risks associated with acquisitions and the integration of the acquired businesses; and
- Risks related to international expansion.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Voyager’s ability to predict or control. Readers are cautioned that the above does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Voyager's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this document may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. Readers are cautioned that past performance is not indicative of future performance and current trends in the business and demand for crypto assets may not continue and readers should not put undue reliance on past performance and current trends. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Voyager, through its United States operating subsidiaries, operates as a crypto asset broker that provides retail and institutional customers with access to its digital platform which enables customers to buy and sell crypto assets in one account across multiple centralized marketplaces. Voyager offers customers order execution, market data, wallet, and custody services through its institutional-grade open architecture platform (the "Voyager Platform"). Through its subsidiary Coinify ApS, Voyager provides crypto payment solutions for both consumers and merchants around the globe[1].

At Voyager, we believe that crypto assets are disrupting traditional finance and investing models. We envision billions of people all over the world utilizing crypto assets to empower their financial freedom. Bitcoin and crypto assets bring an intrinsic value layer to the internet and mobile technologies. We expect this value layer to disrupt and interject itself into all forms of digital interactions, from social media, to art, to mainstream finance and business. We are building our products with this strategic hypothesis and vision in mind.

We, being a digital asset agent broker, facilitate buying and selling of crypto assets by delivering deep pools of liquidity for the Voyager Platform users. We offer a single access point to market data, wallet, and custody services for crypto assets. Some of the services offered by the Voyager Platform to account holders include:

- users can quickly open an account. We utilize third party service providers for know-your-customer ("KYC") and anti-money-laundering ("AML") checks to ensure fast and secure account openings;
- users have trade "spot" between fiat and 60+ crypto assets from a single account (there is no leverage, margin or financing of such transactions);
- users have an opportunity to earn rewards on certain crypto assets held in their account (the "Rewards Program[2]");
- execution of trade orders across a wide spectrum of liquidity providers gives users access to a deep pool of liquidity and offers reliability of trade execution;
- lowering transaction costs by aggregating orders and routing the order flow through the optimal mix of crypto asset exchanges and market makers by utilizing Voyager's proprietary smart router technology;
- providing users with the advanced market data to enable users to manage and track their crypto asset holdings, including delivering news to keep users connected to the market, and providing portfolio tools to track performance, balances and transactions; and
- storing crypto assets through multiple storage solutions while putting together the right blend of security and availability, including Voyager's self-custody solution.

Voyager is registered as a money services business with FinCEN and is licensed to operate as a money transmitter or its equivalent in states where such requirements are applicable[3]. Voyager entered into an Account Services Agreement with Metropolitan Commercial Bank (the "Bank"), whereby the Bank provides deposit and payment systems for Voyager's customers using a custodial "for the benefit of" account. The Bank is (i) a New York registered bank, overseen by the New York State Department of Financial Services and (ii) listed on the New York Stock Exchange (symbol: MCB).

The registered office of the Company is Suite 2900 – 550 Burrard Street, Vancouver, BC, V7X 1J5, Canada; and its head office is 33 Irving Place, 3rd Floor, New York, New York 10003.

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[1] The financial results of Coinify ApS have not been included in the Company's MD&A as Coinify acquisition was completed on August 2, 2021.

[2] The Rewards Program allows customers to earn in-kind payments of crypto asset for maintaining minimum crypto asset balances of the same type of crypto asset in their account. Rewards earned on crypto assets are variable and reward rates are determined by Voyager at its sole discretion. Customers may opt-out of the Rewards Program.

[3] Trading is currently available to all U.S. residents, excluding New York state. We are actively working with New York regulators to obtain a BitLicense to operate in New York and with various regulators to operate internationally.

On September 7, 2021, Voyager's common shares commenced trading on the Toronto Stock Exchange (the "TSX") under the trading symbol of "VOYG". Voyager became a "non-venture" upon the effective date of its TSX listing for the purposes of certain Canadian securities laws. Prior to trading on the TSX, the Company's common shares were listed on the Canadian Stock Exchange where Voyager was considered a "venture issuer" for purposes of certain Canadian securities laws. The common shares are also listed for trading under the symbol "VYGVF" on the OTCQB market and "UCD2" on the Frankfurt Stock Exchange.

Hiring

As of June 30, 2021, we had 141 employees, an increase in overall headcount by 115, of which over 60% were dedicated to customer support, engineering/ technology, and marketing roles.

Acquisitions

Coinify ApS

On August 2, 2021, the Company completed the acquisition of Coinify ApS ("Coinify"), a leading cryptocurrency payment platform existing under the laws of Denmark. The consideration to Coinify sellers consists of 5,100,000 of newly issued shares of Voyager's common stock[4] and $15 million in cash (subject to net debt and working capital adjustments). Under the Share Purchase Agreement, Voyager retained substantially all current Coinify employees, entering into employment agreements with key members of the management team.

LGO SAS

On December 10, 2020, the Company acquired the issued and outstanding share capital of LGO SAS, an Autorité des marchés financiers ("AMF") regulated entity based in France, and LGO Europe SAS, in exchange for 200,000 shares of the Company's common stock, to be issued in stages in accordance with the terms of the escrow agreement. In addition, the sellers are entitled to 1,000,000 shares of the Company's common stock after one-year, contingent upon the AMF's approval of the license application. On 28 September 2021, AMF has approved of the application for an extension of the registration of LGO Europe SAS as a digital asset service provider. Further, Voyager's leadership have been declared "Fit and Proper" to operate under the LGO registration.

Joint Venture with Market Rebellion

On August 12, 2021, FINRA approved a 50% investment by Market Rebellion, a leading provider of trading education, content, and tools for independent investors, in VYGR Digital Securities, LLC to provide brokerage for equities, options, and futures trading through the Voyager platform. Voyager and Market Rebellion intend to jointly operate a broker-dealer focused on providing online brokerage services for equities, options, and futures. VYGR Digital Securities, LLC plans to execute equity trades on behalf of Voyager's crypto-asset brokerage customers, and Market Rebellion intends to introduce its large and active trading community to the capabilities of this new platform.

Token swap

In August 2021, we completed one of the largest token swaps and mergers in the history of cryptocurrencies[5]. The swap and merger combine the original Voyager token, VGX, with the LGO token that originated from the European digital asset exchange, LGO, SAS. To complete the token swap, the VGX and LGO tokens were converted to a single, new token under the ticker VGX.

VLP

On September 1, 2021, we launched the Voyager Loyalty Program (the "VLP"). The VLP gives Voyager token holders a full suite of incentives and rewards. To participate in the VLP, customers must hold a certain number of VGX tokens to unlock various tiers which offer token utility rewards including VGX staking rewards, earnings reward boost, crypto back rewards as well as refer-a friend cash back rewards.

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[4] A portion of newly issued shares of Voyager's common stock as part of Coinify acquisition consideration are subject to lock up requirements.
[5] International token holders were able to swap tokens through September 20th.

Overall Performance

Our mission is to provide every customer with a trusted and secure access point to crypto asset trading.

With respect to certain of our financial and operating results as of or for the years ended June 30, 2021, and 2020:

- we generated total revenues of $175.1 million and $1.2 million
- we had Crypto Assets Under Management[6] of $2,680.0 million and $32.2 million
- we reported $51.5 million and $10.2 million net loss
- we reported $0.39 and $0.13 basic and diluted net loss per share
- our Adjusted EBITDA[7] was $62.7 million and negative $10.1 million
- our Adjusted Working Capital[8] was $207.5 million and $2.4 million
- our equity was $186.3 million and $0.6 million
- our Funded Accounts[9] were 652 thousand and 13 thousand

We have grown rapidly this year and achieved significant scale driven by the crypto market environment, our customer acquisition and retention efforts, and the growing number if crypto assets we support.

Customer acquisition

Our business model encompasses efficient new customer growth and strong retention as well as expansion within existing customer base. Our new customers join our platform organically, through several referral programs and paid marketing efforts which range from market-leading partnerships with professional athletes or clicking through an online advertisement.

Non-IFRS financial measures

We collect and analyze operating and financial data to evaluate the health of our business, allocate our resources and assess our performance. In addition to total net revenue, net loss and other results under IFRS, we utilize non-IFRS calculations of Crypto Assets Under Management, Adjusted EBITDA, and Adjusted Working Capital. We believe these non-IFRS financial measures provide useful information to investors and others in understanding and evaluating our financial condition, as well as providing a useful measure for period-to-period comparisons of our business performance. Moreover, non-IFRS financial measurements are key measurements used by our management internally to make operating decisions, including those related to operating expenses, evaluate performance, and perform strategic planning and annual budgeting. However, the non-IFRS measures are presented for supplemental informational purposes only, should not be considered a substitute for or superior to financial information presented in accordance with IFRS and may be different from similarly titled non-IFRS measures used by other companies.

Crypto Assets Under Management (AUM)

The following table presents a reconciliation of Crypto assets held and Crypto assets loaned, the most directly comparable IFRS measure, to Crypto Assets Under Management (in thousands):

	June 30, 2021	June 30, 2020
Crypto assets held	$ 2,286,399	$ 13,107
Crypto assets loaned	393,561	19,104
Crypto Assets Under Management	$ 2,679,960	$ 32,211

[6] Crypto Assets Under Management are defined as crypto assets held, as well as crypto assets loaned.
[7] Adjusted EBITDA is defined as net loss, excluding (i) provision for income taxes, (ii) change in fair value of warrant liability, (iii) depreciation and amortization, (iv) share-based payments, and (vi) gains, net, on acquisition as well loss on issuance of warrants.
[8] Adjusted Working Capital is defined as the difference between current assets and current liabilities excluding warrant liability.
[9] A "Funded Account" is a Voyager's account into which the account user makes an initial deposit or money transfer, of any amount, during the relevant period.

Adjusted EBITDA

The following table presents a reconciliation of net loss, the most directly comparable IFRS measure, to Adjusted EBITDA (in thousands):

	Year Ended June 30, 2021		2020	
Net loss	$	(51,488)	$	(10,170)
Change in fair value of warrant liability		89,827		(1,419)
Share-based payments		12,864		1,399
Provision for income taxes		11,142		-
Depreciation and amortization		311		156
Loss on issuance of warrants		-		1,157
Gain on acquisitions, net		-		(1,229)
Adjusted EBITDA	$	62,656	$	(10,106)

Adjusted Working Capital

The following table presents a reconciliation of total current assets and total current liabilities, the most directly comparable IFRS measure, to Adjusted Working Capital (in thousands):

	June 30, 2021		2020	
Total current assets	$	3,073,943	$	37,854
Total current liabilities		2,890,301		37,605
Working capital		183,642		249
Add: Warrant liability		23,810		2,197
Adjusted working capital	$	207,452	$	2,446

Select annual information

The following is selected financial data derived from the audited consolidated financial statements of the Company at and for the years ended June 30, 2021, June 30, 2020, and June 30, 2019:

	Year ended June 30, 2021		2020		2019	
Total revenue	$	175,056	$	1,150		Nil
Net loss		(51,488)		(10,170)		(30,809)
Basic and diluted loss per share	$	(0.39)	$	(0.13)	$	(1.35)

	June 30, 2021		2020		2019	
Total assets	$	3,077,362	$	38,771	$	5,802
Total liabilities		2,891,040		38,220		5,585
Total equity	$	186,322	$	551	$	217

Financial Overview

Revenues

Transaction revenue

Majority of our revenue is derived from transaction revenues from providing a crypto asset order execution service when customers buy, sell, or convert crypto assets on the platform. Transaction revenue is based on the price and quantity of the crypto asset that is bought, sold, or withdrawn. Transaction revenue is recognized at the time the transaction is processed on our platform.

Fees from crypto assets loaned

We also earn fees from crypto assets lending activities. These lending agreements generally are either for a fixed term of less than one year or can be open-ended and repayable at the option of the Company or the borrower. Lending agreements bear a crypto fee receivable which is based on a percentage of the crypto assets lent and is denominated in the related crypto asset.

Presented below are our type of revenues (in thousands):

	Year Ended June 30,	
	2021	**2020**
Transaction revenue	$ 154,047	$ 859
Fees from crypto assets loaned	21,009	291
Total revenues	$ 175,056	$ 1,150
Transaction revenue	88%	75%
Fees from crypto assets loaned	12%	25%
Total revenues	100%	100%

Expenses

Operating expenses consist of rewards paid to customers, marketing and sales, compensation and employee benefits, trade expenses, customer onboarding and service, professional, consulting, and general and administrative expenses. Operating expenses are expensed as incurred.

Rewards paid to customers

Rewards paid to customers include rewards paid to customers under the Rewards Program.

Marketing and sales

Marketing and sales expenses primarily include costs related to customer advertising and marketing programs as well as commissions for referral programs.

Compensation and employee benefits

Compensation and employee benefits include salaries, bonuses, benefits, taxes, and share-based payments. Our employees include customer support, technology, marketing, executives, and other administrative support personnel.

Trade expenses

Trade expenses mainly include exchange fees and custody expense.

Customer onboarding and service

Customer onboarding and service includes fees paid to third-party customer support vendors for customer verification, KYC and AML costs as well as payment processing charges.

Professional and consulting

Professional and consulting expenses include fees for legal, audit, tax, and other special projects.

General and administrative

General and administrative expenses mainly include technology, product development, recruitment, investor relationships, insurance, depreciation and amortization, regulatory, compliance, and other business expenses.

Other income (loss)

Change in fair value of warrant liability

Change in fair value of warrant liability represents mark-to-market adjustments in warrant liability due to revaluation of warrant liability at the end of each reporting period.

Change in fair value of investments

Change in fair value of investments represents mark-to-market adjustments on investments which are carried at fair value.

Change in fair value of crypto assets held

Change in fair value of crypto assets held represents mark-to-market adjustments on crypto assets held which are carried at fair value.

Change in fair value of crypto assets borrowed

Change in fair value of crypto assets borrowed represents mark-to-market adjustments on crypto assets borrowed which are carried at fair value.

Fees on crypto assets borrowed

Fees on crypto assets borrowed represent crypto fee calculated as a percentage of the crypto asset borrowed and is denominated in the related crypto asset.

Loss on issuance of warrants

Loss on issuance of warrants represents the difference between the fair value of the warrant at initial recognition and transaction price.

Gain on acquisitions, net

Gain on acquisitions, net represents gains or losses we recognized on the asset or business acquisitions.

Provision for income tax

We are subject to the income tax laws of Canada and those of the non-Canada jurisdictions in which the Company has business operations, which includes operating losses or profits in certain foreign jurisdictions for certain years depending on tax elections made, and foreign taxes on earnings of our wholly owned foreign subsidiaries. Our consolidated provision for income tax is affected by the mix of our taxable income (loss) in Canada, the United States, and foreign subsidiaries, permanent items and unrecognized tax benefits.

Results of Operations

Revenues (in thousands)

	Year Ended June 30, 2021		2020		$ Change	
Transaction revenue	$	154,047	$	859	$	153,188
Fees from crypto assets loaned		21,009		291		20,718
Total revenues	$	175,056	$	1,150	$	173,906

Transaction-based revenues increased by $153.2 million to $154.0 million for the year ended June 30, 2021, compared to the year prior. We have seen significant growth in our user base, retention, engagement, and trading activity increase due to all-time highs seen in the crypto market capitalization as well as undeniable consumer interest in the crypto markets. Our Funded Accounts increased by 652 thousand during the year ended June 30, 2021. Increased interest in personal finance and investing, a positive market environment, especially in the U.S., encouraged an unprecedented number of first-time retail investors to become our customers and begin trading on our platform.

Fees from crypto assets loaned increased by $20.7 million to $21.0 million for the year ended June 30, 2021, as we grew our crypto assets lending program and increased a number of crypto assets generating yield. Crypto assets loaned increased by $374.5 million to $393.6 million as of June 30, 2021.

Expenses (in thousands)

	Year Ended June 30, 2021		2020		$ Change	
Rewards paid to customers	$	47,102	$	242	$	46,860
Marketing and sales		23,609		275		23,334
Share-based payments		12,864		1,399		11,465
Compensation and employee benefits		7,917		3,250		4,667
Total compensation and employee benefits		20,781		4,649		16,132
Trade expenses		7,985		346		7,639
Customer onboarding and service		7,390		196		7,194
Professional and consulting		4,495		1,332		3,163
General and administrative		7,847		5,295		2,552
Total expenses	$	119,209	$	12,335	$	106,874

Rewards paid to customers

Rewards paid to customers increased by $46.9 million to $47.1 million for the year ended June 30, 2021. This increase is primary driven by our dramatic customer growth who participate in the Rewards Program. Also, we have expanded reward-bearing assets within the Reward Program. As of June 30, 2021, we offered rewards on 32 crypto assets as compared to 15 in prior year.

Marketing and sales

Marketing and sales expenses increased by $23.3 million to $23.6 million for the year ended June 30, 2021. The increase was primarily due to increase in various sales and marketing campaigns including market-leading partnerships with professional athletes, online advertisement, and referral programs.

Total compensation and employee benefits

Total compensation and employee benefits increased by $16.1 million to $20.8 million for the year ended June 30, 2021. The increase was driven by overall head count increase by 115 employees to 141 as of June 30, 2021.

Trade expenses

Trade expenses increased by $7.6 million to $8.0 million for the year ended June 30, 2021, due to increased trading volume.

Customer onboarding and service

Customer onboarding and service expense increased by $7.2 million to $7.4 million for the year ended June 30, 2021, due to significant growth in a customer base.

Professional and consulting

Professional and consulting fees increased by $3.2 million to $4.5 million for the year ended June 30, 2021, which was primarily driven by fees attributed to capital raising activities including common stock private placements as well as warrant issuances and acquisitions costs.

General and administrative

General and administrative expenses increased by $2.6 million to $7.8 million for the year ended June 30, 2021, which was primarily driven to growth of our business which attributed to increased expenditure in technology, product development, recruitment, investor relations, and insurance costs which were offset by decline in warrant issuance expenses.

Other income (loss) (in thousands)

	Year Ended June 30,		
	2021	2020	$ Change
Change in fair value of crypto assets held	$ (318)	$ (476)	$ 158
Change in fair value of investments	8,289	-	8,289
Change in fair value of crypto assets borrowed	(11,809)	-	(11,809)
Change in fair value of warrant liability	(89,827)	1,419	(91,246)
Fees on crypto assets borrowed	(2,528)	-	(2,528)
Loss on issuance of warrants	-	(1,157)	1,157
Gain on acquisitions, net	-	1,229	(1,229)
Total other income (loss)	$ (96,193)	$ 1,015	$ (97,208)

Other income (loss) decreased by $97.2 million which resulted in total other loss of $96.2 million for the year ended June 30, 2021. This was primarily driven by mark-to-market adjustments on our warrant liability, crypto assets borrowed offset by mark-to-market adjustment on our investments.

Provision for income taxes (in thousands)

	Year Ended June 30,		
	2021	2020	$ Change
Provision for income tax	$ 11,142	$ -	$ (11,142)

Provision for income tax increased by $11.1 million for the year ended June 30, 2021, as a result of taxable income generated during 2021 as compared to tax losses in 2020.

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from operations and net proceeds from our capital raising activities. As of June 30, 2021, we had cash and cash equivalents of $193.9 million, exclusive of cash held for customers. As of June 30, 2021, we had cash held for customers of $162.9 million which consisted of cash held at the Bank for the benefit of customers.

The Company's liquidity and capital resources were not materially impacted by COVID-19 and related economic conditions during the year. We are continuously monitoring our liquidity and capital resources due to the current pandemic.

Cash flows (in thousands)

	Year Ended June 30,			
		2021		2020
Net cash provided by (used in) operating activities	$	217,135	$	(4,519)
Net cash used in investing activities		(762)		(116)
Net cash provided by financing activities		135,288		6,459
Net increase in cash and cash equivalents and cash held for customers	$	351,661	$	1,824
Change in cash held for customers included in net cash provided by (used in) operating activities	$	161,357	$	1,495

Operating Activities

Net cash provided by operating activities was $217.1 million for the year ended June 30, 2021. Our net cash provided by operating activities reflected a net loss of $51.5 million, non-cash adjustments of $134.1 million and changes in operating assets and liabilities of $134.4 million. The largest component of the non-cash adjustments was the $89.8 million in change in fair value of warrant liability. Other non-cash adjustments also included $47.1 million in rewards paid to customers, $12.9 million in share-based payments, $11.8 million in change in fair value of crypto assets borrowed, and $2.5 million accrual for fees on crypto assets borrowed, which was partially offset by $21.0 million in fees from crypto assets loaned and $8.3 million in change in fair value of investments.

Net cash used in operating activities was $4.5 million for the year ended June 30, 2020. Our net cash provided by operating activities reflected net loss of $10.2 million, non-cash adjustments of $2.9 million and changes in operating assets and liabilities of $2.7 million. Noncash adjustments primarily consisted of $1.4 million in share-based payments, $1.2 million in loss on issuance of warrants, $0.5 million in change in fair value of crypto held and $2.3 million in issuance of warrants for services, which was partially offset by $1.4 million in change in fair value of warrant liability.

Investing activities

Net cash used in investing activities of $0.8 million for the year ended June 30, 2021, primarily related to increase in long term investments.

Net cash used in investing activities of $0.1 million for the year ended June 30, 2020, primarily related to the acquisition of Circle customers.

Financing activities

Net cash provided by financing activities of $135.3 million for the year ended June 30, 2021, was due to $158.9 million in proceeds from the issuance of common stock in private placements and warrants as well as proceeds from exercise of warrants and stock options, which was partially offset by a $20.0 million cash repayment of crypto assets borrowed as well as $3.8 million cash outflow for repurchase of treasury stock.

Net cash provided by financing activities of $6.5 million for the year June ended 30, 2020, was due to a $5.4 million in proceeds from the issuance of common stock in private placements and warrants, exercise of stock options as well as well as common stock subscriptions in addition to $1.0 million proceeds from PPP loan[10].

Base Shelf Prospectus

The Company has filed and obtained a receipt for its final short form Base Shelf Prospectus dated August 17, 202 (the "Base Shelf Prospectus') with the securities regulatory authorities in each of the provinces and territories of Canada. The Base Shelf Prospectus will allow the Company to make offerings of common shares, warrants, units, debt securities, and subscription receipts, or any combination thereof, for up to an aggregate total of $300 million during the 25-month period that the Base Shelf Prospectus is effective.

Future funding

We expect our operating activities to continue to generate adequate cash flows to fund normal operations However, we continually evaluate opportunities for us to maximize our growth and further enhance our strategic position, including, among other things, acquisitions, strategic alliances, and joint ventures potentially involving all types and combinations of equity, and acquisition alternatives. As a result, we may need to raise additional funds to:

- support continued growth in our businesses;
- effect acquisitions, strategic alliances, joint ventures and other transactions;
- develop new or enhanced products, services, and markets; and
- respond to competitive pressures.

Borrowings

During the year ended June 30, 2021, the Company entered into two loan agreements totaling $1.2 million. One loan agreement, with a principal balance of $0.6 million bears a 2.25% per annum interest rate and is repayable in quarterly installments beginning in September 2023. The second loan agreement has interest rate of 0% for the first year, a stated maturity date of January 2022, and the right to extend the loan up until January 2026.

Contractual Obligations

The following table summarizes certain of our contractual obligations at June 30, 2021 (in thousands):

	Total	Less than 1 Year	1-3years	4-5 years	After 5 years
Long term borrowings[11]	$ 593	$ -	$ -	$ -	$ 593
Short term borrowings[12]	592	592	-	-	-
	$ 1,185	$ 592	$ -	$ -	$ 593

[10] In April 2020, the Company entered into a loan and promissory note agreement with Signature Bank pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") administered by the US Small Business Administration (the "SBA"). The Company received total proceeds of $0.4 million from the unsecured PPP Loan. In May 2020, the Company entered into a loan and promissory note agreement with BNB pursuant to the PPP under the CARES Act administered by the SBA.
[11] Please see Borrowings note in Liquidity and Capital Resources section
[12] Please see Borrowings note in Liquidity and Capital Resources section

Quarterly Highlights and Results

The following table sets forth our highlights of unaudited quarterly results of operations for the indicated periods (in thousands). Our historical results are not necessarily indicative of the results that may be expected in any other period in the future, and the results of a particular quarter or other interim period are not necessarily indicative of the results to be expected for the full year or any other period.

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Total revenue	$ 109,048	$ 60,438	$ 3,569	$ 2,001	$ 708	$ 282	$ 88	$ 72
Total expenses	77,457	30,592	6,477	4,683	4,904	2,067	2,740	2,624
Total other income (loss)	9,598	(98,409)	(6,089)	(1,293)	(777)	86	1,672	34
Net income (loss) before income tax	41,189	(68,563)	(8,997)	(3,975)	(4,973)	(1,699)	(980)	(2,518)
Provision for income taxes	(11,142)	-	-	-	-	-	-	-
Net income (loss)	30,047	(68,563)	(8,997)	(3,975)	(4,973)	(1,699)	(980)	(2,518)

For the three months ended June 30, 2021, net income was $36.3 million as compared to $5.0 million loss for the three months ended Jun 31, 2020. Net income for the three months ended June 31, 2021, was largely a result of significant growth of significant growth in our user base, retention, engagement, and trading activity.

Quarterly Reconciliation of Non-IFRS Financial Measure

In addition to our results determined in accordance with IFRS, we believe Adjusted EBITDA[13], a non-IFRS measure, is useful in evaluating our operating performance. We use Adjusted EBITDA to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Adjusted EBITDA may be helpful to investors because it provides consistency and comparability with past financial performance. However, Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS.

The following table provides a quarterly reconciliation of net income (loss) to Adjusted EBITDA:

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Net income (loss)	$ 30,047	$ (68,563)	$ (8,997)	$ (3,975)	$(4,973)	$ (1,699)	$ (980)	$ (2,518)
Change in fair value of warrant liability	(26,265)	98,990	15,589	1,513	(1,204)	(376)	161	-
Share-based payments	6,214	5,271	354	1,025	283	269	536	311
Provision for income taxes	11,142	-	-	-	-	-	-	-
Depreciation and amortization	75	89	65	82	(50)	100	100	6
Loss on issuance of warrants	-	-	-	-	1,157	-	-	-
Gain on acquisitions, net	-	-	-	-	706	44	(2,007)	28
Adjusted EBITDA	$ 21,213	$ 35,787	$ 7,011	$ (1,355)	$(4,081)	$ (1,662)	$ (2,190)	$ (2,173)

[13] Adjusted EBITDA is defined as net loss, excluding (i) provision for income taxes, (ii) change in fair value of warrant liability, (iii) depreciation and amortization, (iv) share-based payments, and (vi) gains, net, on acquisition as well loss on issuance of warrants.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with IFRS. The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Such estimates and assumptions are based on the best available information. We regularly reassess such estimates and assumptions, which encompass historical experience, expectations of the future and other pertinent factors, to determine their continuing relevance based on current conditions, updating them as necessary. Changes in those estimates and assumptions may have a significant effect on the consolidated financial statements. Furthermore, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The following areas contain estimation uncertainty or require critical judgment and have a significant effect on amounts recognized in the consolidated financial statements:

Share-based payments/ Warrant liability

We recognize share-based payments expense using a fair-value based method for costs related to our stock option plan. We estimate the fair value of stock options using the Black-Scholes option-pricing model.

Warrant liability is revalued at each reporting period using the Black-Scholes option-pricing model.

Critical accounting estimates and judgments: The model requires management to make a number of assumptions, including the fair value and expected volatility of our underlying common stock, expected term of the stock option, risk-free interest rate, and expected dividend yield. We evaluate the assumptions used quarterly.

Income taxes

The Company is subject to the income tax laws of Canada and those of the non-Canada jurisdictions in which the Company has business operations.

The Company's provision for income taxes is composed of current and deferred taxes. Current income taxes represent taxes to be paid or refunded for the current period or previous periods. Deferred taxes are recognized for temporary differences between the carrying amounts and tax bases of assets and liabilities that will result in taxable or deductible amounts in future periods and are measured using the applicable tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and that will be in effect when such differences are expected to reverse.

Deferred tax assets arise from a variety of sources, the most significant being: (i) tax losses that can be carried forward to be used against profits in future years; and (ii) temporary differences that will result in deductions against profits in future years. Deferred tax assets are recognized only to the extent it is probable that sufficient taxable profits will be available against which these differences can be used. When an entity or tax group has a history of recent losses, deferred tax assets are only recognized to the extent there are sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses can be utilized.

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities in the balance sheet that reflect the expectation that certain items will give rise to taxable income in future periods.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Current and deferred taxes are recognized as income tax benefit or expense in the income statement except to the extent that they relate to items recognized directly in equity or other comprehensive income.

The Company reflects the potential effect of uncertain tax positions for which acceptance by the relevant tax authority is not considered probable by adjusting current or deferred taxes, as applicable, using either the most likely amount or expected value methods, depending on which method is deemed a better predictor of the basis on which and extent to which the uncertainty will be resolved.

Critical accounting estimates and judgments: Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date.

Critical accounting estimates and judgments: The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Changes in Accounting Policies

During the year ended June 30, 2021, the Company adopted a voluntary change in its accounting policy for the accounting of crypto assets loaned. Previously, crypto assets loaned were included in crypto assets held in the consolidated statements of financial position which have been reclassified to crypto assets loaned as a separate line item. The Company continues to measure both crypto assets held as well as crypto assets loaned at fair value. As such, there is no impact to the consolidated statements of loss. Management believes this change in accounting policy results in more prominent and relevant information pursuant to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (‘IAS 8”). The Company has reclassified prior period balances for comparative purposes.

During the year ended June 30, 2021, the Company adopted a voluntary change in its accounting policy for the classification of operating expenses. Previously, operating expenses were classified by general function and did not disaggregate operating expenses on the face of its income statement. This change does not impact to the consolidated statements of loss. Management believes this change in accounting policy results in more prominent and relevant information pursuant to IAS 8. The Company has reclassified prior period balances for comparative purposes.

Financial Instruments and Crypto Assets

All financial and non-financial assets and liabilities measured or disclosed at fair value are categorized into one of three fair value hierarchy levels in accordance with IFRS. The fair value hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. In certain cases, the inputs used to measure fair value may fall within different levels of the fair value hierarchy. For disclosure purposes, the level in the hierarchy within which an instrument is classified in its entirety is based on the lowest level input that is significant to the position's fair value measurement:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 – valuation techniques for which all significant inputs are, or are based on, observable market data; or
Level 3 – valuation techniques for which significant inputs are not based on observable market data.

The following table presents the fair value hierarchy for the Company's assets and liabilities measured at fair value by level as of June 30, 2021, and June 2020 (in thousands):

	Level	June 30, 2021	June 30, 2020
Assets			
Crypto assets held	2	$ 2,286,399	$ 13,107
Crypto assets loaned	2	393,561	19,104
Investments	1	31,359	-
Total		$ 2,711,319	$ 32,211
Liabilities			
Crypto assets and fiat payable to customers	2	$ 2,807,015	$ 33,616
Crypto assets borrowed	2	36,832	-
Warrant liability	3	23,810	2,197
Total		$ 2,867,657	$ 35,813

There have been no transfers between levels 1 and 2, or transfers in or out of level 3 for the years ended June 30, 2021, and 2020.

Valuation of Assets / Liabilities that use Level 1 inputs: Consists of the Company's investments which are valued public closing price in active markets.

Valuation of Assets / Liabilities that use Level 2 inputs: Consists of the Company's crypto assets held, crypto assets loaned, crypto assets and fiat payable to customers and crypto assets borrowed. For the crypto assets, the fair value is determined by the Voyager's Pricing Engine using a market approach whereby volume-weighted average prices are derived from quoted market prices and spread data published by the principal exchanges and liquidity providers/ market makers as of 12:00 am UTC for identical assets.

Valuation of Assets / Liabilities that use Level 3 inputs: Consists of the Company's warrant liability which is valued using Black-Scholes model.

The carrying values of the Company's cash and cash equivalents, cash held for customers, other current assets and other current liabilities approximate fair value due to their short maturities.

Level 3 disclosures

The following is reconciliation of warrant liability as of June 30, 2021, and June 30, 2020, respectively:

	Fair Value ($ in thousands)
Balance, June 30, 2019	$ -
Issuances	3,776
Change in fair value	(1,419)
Exercises	(160)
Balance, June 30, 2020	2,197
Issuances	4,887
Change in fair value	89,827
Exercises	(73,101)
Balance, June 30, 2021	$ 23,810

The following is quantitative information for warrant liability as of June 30, 2021, and June 30, 2020, respectively:

	June 30, 2021	June 30, 2020
Common share market price	CDN 21.17	CDN 0.55
Estimated weighted average life in years	1.8	2.00
Weighted average risk-free interest rate	0.65%	0.28%
Estimated common share weighted average price volatility	144.3%	124.5%
Expected dividend yield	-	-
Foreign exchange rate	$ 0.81	$ 0.73
Estimated weighted average fair value per warrant	$ 16.09	$ 0.29

Significant changes in estimated common share price volatility would result in a higher or lower fair value measurement, respectively. A 10% increase or decrease in the estimated common share price volatility would result in an $0.1 million increase or decrease, respectively, in the estimated fair value of warrant liabilities as of June 30, 2021.

Valuation techniques

The following tables summarize the valuation techniques and significant inputs used in the fair value measurement of the Company's assets and liabilities as of June 30, 2021, and June 30, 2020, respectively:

Category	Valuation Methods and Techniques	Key Inputs
Crypto assets held Crypto assets loaned Crypto assets payable to customers Crypto assets borrowed	Volume-weighted average of trading prices	Current trading prices of subject crypto assets
Investments	Public closing price in active markets	Public closing prices of subject securities
Warrant liability	Black-Scholes model	Public closing prices of subject securities Expected volatility of public closing prices of subject securities Expected term of the stock option Risk-free interest rate expected dividend yield

Crypto assets

Crypto assets held

As of June 30, 2021, and June 30, 2020, crypto assets held consisted of the following (in thousands, except for number of coins):

As of June 30, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	15,396	$ 539,928	24%
ETH	168,731	383,833	17%
VGX	139,169,871	351,063	15%
ADA	218,181,643	277,152	12%
VET	1,172,941,784	106,659	5%
BTT	35,824,314,738	99,735	4%
USDC	63,125,815	63,125	3%
DOGE	221,963,050	56,377	2%
DOT	3,069,732	50,252	2%
LINK	1,820,365	35,545	2%
SHIB	3,857,895,871,062	34,721	2%
HBAR	156,280,743	30,533	1%
STMX	1,503,678,568	28,330	1%
LTC	161,556	23,299	1%
Other		205,847	9%
Total		$ 2,286,399	100%

As of June 30, 2020	Number of Coins	Fair Value	Fair Value Share
VGX	40,468,239	$ 1,975	15%
DGB	77,884,895	1,628	12%
ADA	16,470,313	1,367	10%
VET	119,687,354	1,053	8%
USDC	722,645	723	6%
BTC	79	720	5%
XRP	3,490,980	612	5%
LINK	112,910	515	4%
XMR	6,411	407	3%
IOT	1,670,929	378	3%
ETH	1,573	355	3%
BCH	1,490	331	3%
ETC	44,146	253	2%
ICX	848,543	246	2%
BAT	978,042	245	2%
XTZ	101,010	238	2%
ZEC	4,454	229	2%
XLM	3,416,987	229	2%
BSV	1,386	219	1%
OMG	137,562	202	1%
Other		1,182	9%
Total		$ 13,107	100%

Crypto assets loaned

As of June 30, 2021, and June 30, 2020, crypto assets loaned consisted of the following (in thousands, except for number of coins):

June 30, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	3,751	$ 131,556	33%
DOGE	462,105,000	117,371	30%
ADA	43,545,000	60,310	15%
ETH	16,251	36,968	9%
LINK	682,300	13,323	3%
Other		34,033	9%
Total		$ 393,561	100%

June 30, 2020	Number of Coins	Fair Value	Fair value Share
BTC	1,561	$ 14,259	75%
ETH	9,665	2,179	11%
USDC	1,161,475	1,161	6%
Other		1,505	8%
Total		$ 19,104	100%

As of June 30, 2021, and June 30, 2020, the crypto assets loaned disaggregated by significant borrowing counterparty was as follows:

	Borrowing Rates	June 30, 2021	June 30, 2020
Counterparty A	4.0%-10.0%	$ 164,085	$ 91
Counterparty B	3.5%-10.0%	34,445	13,350
Counterparty C	2.0%-8.9%	57,975	2,838
Counterparty D	5.5% - 15.0%	137,056	2,825
Total		$ 393,561	$ 19,104

As of June 30, 2021, and June 30, 2020, the Company's crypto assets loaned balances were concentrated with counterparties as follows:

	Geography	June 30, 2021	June 30, 2020
Counterparty A	Canada	42%	0%
Counterparty B	US	9%	70%
Counterparty C	US	15%	15%
Counterparty D	Cayman Islands	34%	15%
Total		100%	100%

Crypto assets and fiat payable to customers

As of June 30, 2021, and June 2020, crypto assets and fiat payable to customers consisted of the following (in thousands, except for number of coins):

June 30, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	18,885	$ 662,284	24%
ETH	184,763	420,302	15%
VGX	133,922,886	337,827	12%
ADA	242,817,641	336,306	12%
USDC	212,795,099	212,795	8%
DOGE	683,333,678	173,561	6%
VET	1,167,966,843	106,207	4%
BTT	35,820,687,793	99,725	3%
DOT	3,118,349	51,048	2%
LINK	2,503,524	48,885	2%
SHIB	3,781,248,577,983	34,031	1%
HBAR	156,276,325	30,532	1%
Other		293,512	10%
Total		$ 2,807,015	100%

June 30, 2020	Number of Coins	Fair Value	Fair Value Share
BTC	1,627	$ 14,862	44%
USDC	2,941,631	2,942	9%
ETH	11,258	2,539	8%
VGX	40,433,181	1,973	6%
DGB	77,875,406	1,628	5%
ADA	16,525,373	1,372	4%
VET	119,633,481	1,053	3%
XRP	4,725,752	828	2%
USD	1,712,937	781	2%
LTC	13,932	573	2%
LINK	112,646	514	2%
XMR	6,428	408	1%
XLM	5,930,794	397	1%
IOT	1,670,949	378	1%
Other		3,368	10%
Total		$ 33,616	100%

Risk Management

The Company's financial instruments as well as crypto assets are exposed to certain financial risks, which include crypto asset risk, credit risk, currency risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Company's policies and risk objectives. The Board of Directors has the authority to review and agree policies for managing each of these risks, which are summarized below.

Crypto assets risks

Custody

The Company holds customers' crypto assets primarily through self-custody solutions including the Fireblocks platform, the Company's accounts with crypto asset exchanges, custodians, and pursuant to lending agreements with institutional borrowers. The Company's custody strategy is designed to maximize liquidity and efficient trading by making those assets readily available to deploy in customer-requested trades. The Company constantly monitors its cash and the crypto asset balances it maintains with crypto asset exchanges, custodians and institutional borrowers against deposits and withdrawals requested by customers and, where the Company believes it to be necessary, will monetize crypto assets into fiat currency.

Fireblocks, a New York and Israel based company, provides a multi-party computation ("MPC") solution to store, manage and transfer crypto assets between the Company's wallets, exchanges, market makers, institutional borrowers and other counterparties. Through MPC technology, private keys are distributed across multiple locations to ensure security is not concentrated to a single device at any point in time. The Company employs the Fireblocks Policy Engine to designate transaction approval policies for crypto assets held within the Fireblocks platform. As such, administrators configure automated rules to ensure all transactions are disbursed based on the crypto asset sent, total value of the transaction, source and destination of funds and signor requirements. The Company also utilizes the Fireblocks network as a settlement layer to transact and settle with pre-approved counterparties or entities. The Fireblocks Network utilizes secure enclave technology and data-in-motion encryption to prevent traditional vulnerabilities associated with authenticating wallet addresses. As such, the Company settles with counterparties or entities eliminating the risk of losing funds due to deposit address attacks or errors. Fireblocks is SOC 2 Type II certified for 2020 and undergoes a SOC 2 review on an annual basis. The Company reviews the Fireblocks SOC 2 report to ensure they maintain a secure technology infrastructure and that their systems are designed and operating effectively. Additionally, the Company reviews its own complementary user entity controls in conjunction with the Fireblocks controls to ensure that applicable trust services criteria can be met.

The Company prioritizes using Fireblocks' secure self-custody; however, the need for liquidity inherent in the Company's business requires the Company to maintain accounts with certain crypto asset exchanges, custodians, and borrowers (collectively, trading partners). The Company's trading partners are domiciled across multiple geographies including the United States, Cayman Islands, and Hong Kong. The Company has a due diligence program for all trading partners and conducts security reviews. Additionally, the Company assesses security, reputation, liquidity levels in applicable crypto assets, capitalization, management, internal control practices and operational risks in its determination of utilizing any trading partner, including holding in person meetings. Once onboarded, each trading partner is monitored on an ongoing basis to ensure they maintain compliance with required legal and regulatory standings. The Company also operates certain IT security protocols to ensure privileged and secure access to application programming interface connections with trading platforms. These procedures are in place to maintain approval processes for the movement of crypto assets held with trading partners.

Crypto assets are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the crypto assets are held. The networks require a public key relating to a digital wallet to be published when used in a spending transaction and, if private keys are lost or destroyed, this could prevent trading of the corresponding crypto asset. Security breaches, computer malware, and computer hacking attacks have been a prevalent concern in the crypto assets exchange markets. The Company has committed to securely store all crypto assets it holds on behalf of users. As such, the Company may be liable to its users for losses arising from theft or loss of user private keys. The Company has no reason to believe it will incur any expense associated with such

potential liability because (i) it has no known or historical experience of claims to use as a basis of measurement, (ii) it accounts for and continually verifies the amount of crypto assets within its control, and (iii) it has established security around custodial private keys to minimize the risk of theft or loss.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation and causes the other party to incur a financial loss. The Company's credit risk consists primarily of cash and cash equivalents, cash held for customers, crypto assets held, and crypto assets loaned. The credit risk is minimized by placing these instruments with major financial institutions. Management believes that the credit risk concentration with respect to its bank deposits is remote since all cash is held with financial institutions of reputable credit.

The Company limits its credit risk of crypto assets held by placing these with crypto asset exchanges on which the Company has performed internal due diligence procedures. The Company deems these procedures necessary as some exchanges are unregulated and therefore not subject to regulatory oversight. Furthermore, cryptocurrency exchanges engage in the practice of commingling their customers' assets in exchange wallets. When crypto assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is risk around the occurrence of transactions, or the existence of period end balances represented by exchanges. The Company's due diligence procedures around exchanges include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges anti-money laundering ("AML") and know-your-customer ("KYC") policies by the Company's Chief Compliance Officer, constant review of market information specifically regarding the exchanges security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move cash and crypto currencies held with an exchange in instances where risk exposure significantly changes. The Company has no reason to believe it will incur any liability associated with such exposure because (i) it has no known or historical experience of claims to use as a basis of measurement, (ii) it accounts for and continually verifies the amount of crypto assets within crypto asset exchanges control, and (iii) it has established security around custodial private keys to minimize the risk of theft or loss.

The Company's crypto assets loaned are exposed to credit risk. The Company limits its credit risk for crypto assets loaned by placing these crypto assets with high quality financial institutions that are believed to have sufficient capital to meet their obligations as they come due and on which the Company has performed due diligence procedures. The Company's due diligence procedures may include review of the financial position of the borrower, liquidity levels of the borrower in applicable assets, review of the borrower's management, review of certain internal control procedures of the borrower, review of market information, and monitoring the Company's risk exposure thresholds. The Company's Risk Management Committee meets on a regularly to assess and monitor the credit risk for each custodian. As of June 30, 2021, and subsequently, the Company does not expect a material loss on any of its crypto assets loaned.

Market risk

The Company has investments in crypto assets which may be subject to significant changes in value and therefore exposed to market risk with the fluctuation in market prices. The Company monitors this risk on a daily, weekly and monthly basis. While the Company intends to have limited direct investment in crypto assets, the business model is such that the Company earns fees in crypto assets and at times may accumulate positions that are subject to market risk.

Valuation

The Company is exposed to risk with respect to crypto asset prices and valuations which are largely based on the supply and demand of these crypto assets in the financial markets. The Company's valuation governance framework includes numerous controls and other procedural safeguards that are intended to maximize the quality of fair value measurements. New products and valuation techniques must be reviewed and approved by senior management. As the Company's valuation process for crypto assets is automated through Voyager's proprietary pricing engine (the "Voyager Pricing Engine"), fair value estimates are also validated by the finance control function independently. Independent price verification is performed by finance control through benchmarking the Voyager Pricing Engine fair value estimates with observable market prices or other independent sources. Controls and a governance framework are in place and are intended to ensure the quality of third-party pricing sources were used.

Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the US dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not currently hedge its exposure to foreign currency cash flows as management has determined that currency risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities, as applicable. Management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to continue to manage its short-term liquidity needs through its available cash balance and cash inflows from its operating activities. However, as described in Future funding note within Liquidity and Capital Resources section, we continually evaluate opportunities for us to maximize our growth and further enhance our strategic position, including, among other things, acquisitions, strategic alliances, and joint ventures potentially involving all types and combinations of equity, and acquisition alternatives which may require additional funding.

Related Party Transactions

- Remuneration of directors and key management personnel of the Company was as follows (in thousands):

	Year Ended June 30, 2021		Year Ended June 30, 2020	
Share-based payments	$	2,242	$	690
Compensation and employee benefits		580		375
Advisory fees		-		300
Total	$	2,822	$	1,365

- The Company entered the following transactions with related parties:

For the year ended June 30, 2021, the Company expensed approximately $0.7 million to Fasken Martineau DuMoulin, LLP ("Fasken") for providing legal services. Beginning in February 2021, a partner at Fasken began serving as a director of the Company. For the year ended June 30, 2021, the director was paid approximately $50 thousand for his services.

Industry

Trading of Cryptocurrencies

The demand for cryptocurrencies has increased over the past year as cryptocurrencies have become more widely accepted. Customers expect to be able to utilize more efficient and better infrastructures to support the trading of cryptocurrencies. Voyager's platform solves many of the problems facing people or institutions that trade crypto assets, including that:

- the market is highly fragmented, with more than 300 exchanges facilitating trading of cryptocurrencies;
- there is no centralized place or service in which to trade, which means that users often have to open accounts with multiple exchanges to trade various crypto assets; and
- many of the top tier retail customer exchanges lack a cost-effective fiat on-ramp and off-ramp for customers to turn dollars into crypto assets via a secure banking provider.

The Voyager Platform provides customers with an easy-to-use mobile app that centralizes the fragmented cryptocurrency market and allows them to trade crypto assets without paying a commission.

Trends

In the industry, there exist multiple crypto asset exchanges offering online trading and wallets and multiple online/mobile players providing components of the crypto asset ecosystem. The largest US exchanges are Coinbase, Kraken, Gemini and Binance.US. Their models offer platforms that only send trades singularly to their wholly owned exchange with little or no information available on the platform. Additionally, exchanges focus on institutional volume and not the retail consumer and experience. Voyager's agency brokerage platform uses smart order routing to search multiple Exchanges, market makers and liquidity providers to strategically fill customer orders often at better prices than those offered by such Exchanges directly.

The competitive landscape also includes traditional payment and online brokers such as Robinhood, Sofi Invest, Square, and most recently Paypal, which announced a basic crypto asset offering. The Voyager Platform supports self-directed trading of 60+ crypto assets, with the ability for customers to transfer certain of their crypto assets to their own wallet or custody with Voyager.